



**U.S. Department of the Interior
Office of Inspector General**

AUDIT REPORT

FOLLOWUP OF MAINTENANCE ACTIVITIES, NATIONAL PARK SERVICE

**REPORT NO. 98-I-344
MARCH 1998**



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL

Washington, D.C. 20240

MAR 27 1998

MEMORANDUM

TO: The Secretary

FROM:

Robert J. Williams
Acting Inspector General

SUBJECT SUMMARY: Final Audit Report for Your Information - "Followup of Maintenance Activities, National Park Service" (No. 98-I-344)

Attached for your information is a copy of the subject audit report. The objective of the audit was to determine whether the National Park Service had satisfactorily implemented the recommendations made in the audit reports "Maintenance Work Performed for Non-Governmental Recipients, National Park Service" (No. 91-I-1321), issued in September 1991, and "Maintenance of the National Park System, National Park Service" (No. 92-I-455), issued in February 1992, and whether any new recommendations were warranted.

We found that the Park Service had fully implemented five of the prior reports' eight recommendations and partially implemented three recommendations. Specifically, we found that the Park Service had not taken sufficient action to recover the Park Service's costs for maintaining facilities used by concessioners and other non-Governmental entities and had largely discontinued use of its standardized maintenance management system, which was developed to provide the parks with a mechanism to plan and manage their maintenance activities and to supply data needed to support Park Service budget requests for maintenance funding. The report recommended that the Park Service (1) pursue opportunities to modify concession maintenance agreements so that concessioners are required to perform or pay for the maintenance of their facilities, (2) require lessees at one park area to perform or pay for their maintenance work, (3) operate a maintenance management system in accordance with the requirement of Public Law 98-540, and (4) redesignate the lack of a standardized maintenance management system as a material management control weakness.

The Park Service did not provide a formal response to the draft report. Therefore, we considered the report's four recommendations to be unresolved.

If you have any questions concerning this matter, please contact me at (202) 208-5745.

Attachment



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

AUDIT REPORT

MAR 27 1998

Memorandum

To: Assistant Secretary for Fish and Wildlife and Parks

From: 
Ronald K. Smith
Acting Assistant Inspector General for Audits

Subject: Audit Report on Followup of Maintenance Activities, National Park Service
(No. 98-I-344)

INTRODUCTION

This report presents the results of our followup review of recommendations contained in two prior reports on maintenance of the national park system: "Maintenance Work Performed for Non-Governmental Recipients, National Park Service" (No. 91-I-1321), issued in September 1991 (see Appendix 2), and "Maintenance of the National Park System, National Park Service" (No. 92-I-455), issued in February 1992 (see Appendix 3). The objective of our review was to determine whether the National Park Service had satisfactorily implemented the recommendations made in these two reports and whether any new recommendations were warranted.

BACKGROUND

The National Park Service is responsible for protecting, safeguarding, and maintaining the assets of the national park system, which include about 15,000 buildings, 8,000 miles of roads, 1,400 bridges, 5,200 housing units, 1,500 water and sewer systems, and an extensive network of trails. These assets, valued at over \$50 billion, are located in approximately 370 park units, encompassing over 80 million acres. The Park Service is also responsible in some cases for maintaining and repairing concessioner and/or Government-owned buildings, structures, and lands used by concessioners. According to the Concessions Program Manager at the Park Service's Headquarters, as of June 1, 1997, there were 212 contracts that authorized concessioners to operate in 88 park units. The specific maintenance responsibilities of the concessioner and the Park Service were generally identified in the concession contracts and in maintenance agreements between concessioners and park units.¹

¹Sections B.2b and C.1, Chapter 26, of the National Park Service Guidelines for Concession Management (NPS-48) provide guidance for maintenance agreements and require the agreements "to be in conformity with the existing contract or permit." In 1990, the Park Service issued guidance (Chapter 37 of NPS 48) that was to help personnel in developing maintenance agreements which are in accordance with the terms of the contracts and that required annual reviews of the maintenance agreements.

In fiscal year 1996, the Park Service received funds of about \$349 million under its Operation of the National Park System appropriation for maintenance of the national park system.² Of this amount, approximately \$275 million was budgeted for operational maintenance activities for meeting daily park needs such as providing janitorial services; removing snow; and performing routine maintenance and repair of buildings, grounds, roads, and park-operated utility systems. About \$59 million was budgeted for regional maintenance activities, which included a cyclical maintenance program and a repair and rehabilitation maintenance program. Cyclical maintenance is performed on a periodic basis of more than 1 year and includes such activities as resealing roads, repainting and reroofing buildings, and taking other preventive measures necessary to prolong the life of an asset. The repair and rehabilitation maintenance program addresses larger-scale projects that occur on a less frequent basis such as rehabilitating campgrounds and trails and replacing water and sewer lines. The remaining \$15 million was budgeted for Servicewide maintenance programs that address national-level concerns such as employee housing, dam safety, and hazardous waste cleanup. The Park Service also received reimbursements for performing maintenance work for concessioners. These funds were retained by the respective park units for use in their maintenance programs. However, we could not readily determine the total reimbursements received in fiscal year 1996 because some park units did not record these reimbursements in the designated account.

According to various reports, the Park Service's maintenance backlog, which included repair/rehabilitation and reconstruction/replacement projects, has increased significantly over the years. In 1988, after the Park Service completed a \$1 billion program to restore and rehabilitate park facilities, the General Accounting Office reported that the backlog was about \$1.9 billion, which consisted of routine maintenance items such as repairing buildings, as well as major capital improvements such as replacing water and sewer systems and reconstructing roads.³ In 1996, the Park Service reported to the House of Representatives Committee on Appropriations that the backlog had reached an estimated \$4.5 billion. The Park Service's most recent estimate is contained in the January 1997 document "National Park Service Maintenance Backlog Data."⁴ This document identified a backlog of "unfunded capital construction needs" (for projects over \$500,000) of \$5.6 billion, which consisted of \$4.4 billion for resource preservation, repair, and rehabilitation of existing facilities and \$1.2 billion for the construction of new facilities (see Appendix 6). (According to the Park Service's definition of maintenance, however, the construction of new facilities is not

²According to documentation provided by the Park Service's Park Facility Management Division, "Park maintenance is an inclusive term for the operation, routine maintenance, day to day maintenance, cyclic maintenance, repair/rehabilitation, and reconstruction/replacement work that is funded and accomplished at the park level." Repair/rehabilitation and reconstruction/replacement projects (not including roads) that cost more than \$500,000 each are typically funded through the line item activity of the Park Service's Construction appropriation. Major rehabilitation/construction on roads is funded through the Department of Transportation's Federal Lands Highway Program.

³*Park Service Managers Report Shortfalls in Maintenance Funding* (No. GAO/RCED-88-91BR), March 21, 1988.

⁴We did not verify the accuracy of the estimates contained in the document.

considered a maintenance project.) The document also reported a maintenance project backlog of between \$435 million and \$575 million. Although the Park Service listed specific projects in its \$5.6 billion backlog, it did not identify the specific projects that the maintenance project backlog comprised. The document stated, "As part of its budget formulation process, the NPS [National Park Service] Washington Office surveys the field for desired annual funding levels, but actual backlog project lists are not collected centrally, since they quickly become outdated because of new priority requirements."

SCOPE OF AUDIT

The scope of our audit was limited to reviewing implementation actions taken by the Park Service on the eight recommendations contained in our 1991 and 1992 reports. As of October 30, 1995, the Department of the Interior's Division of Management Control and Audit Followup considered the eight recommendations implemented. These recommendations and the implementing actions are detailed in Appendices 2 and 3. This followup review was made in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances.

To accomplish our audit objective, we reviewed fiscal year 1995 and 1996 maintenance activities related to the implementation of the recommendations at Golden Gate and Lake Mead National Recreation Areas and Sequoia/Kings Canyon and Everglades National Parks. Based on the results of our review at these four park units, we expanded our testing procedures by judgmentally selecting 18 additional concession contracts and related maintenance agreements from 12 other park units to determine the extent to which these agreements required park unit personnel to perform maintenance work without reimbursement that benefited concessioner operations. In addition, we obtained information on whether each of the 16 park units included in our review (4 visited and 12 contacted) was using the Park Service's standardized system to help manage and plan its maintenance operations in an effective manner. The locations visited and contacted during the audit and the concession contracts and related maintenance agreements included in this review are listed in Appendices 4 and 5, respectively.

Because of the limited scope of our review, we evaluated the Park Service's system of internal controls related to its management of maintenance operations only to the extent that the internal controls affected the corrective actions taken in regard to the eight recommendations included in the two prior reports. We identified a control weakness related to the implementation of the Park Service's standardized maintenance management system. This weakness is discussed in the Results of Audit section of this report. Our recommendations, if implemented, should improve the internal controls in this area. We also reviewed the Department of the Interior's Annual Statement and Report to the President and the Congress, which is required by the Federal Managers' Financial Integrity Act, for fiscal year 1995 and the Department's Accountability Report for fiscal year 1996, which includes information required by the Act, and determined that no material weaknesses were reported that directly related to the objective and scope of this audit.

PRIOR AUDIT COVERAGE

Neither the General Accounting Office nor the Office of Inspector General has audited the Park Service's maintenance activities during the past 5 years.

RESULTS OF AUDIT

Of the eight recommendations made in our two prior audit reports, we found that five recommendations had been fully implemented and that three recommendations had been partially implemented. We considered the three recommendations partially implemented because the park units we reviewed (1) had not taken sufficient action to modify concessioner maintenance agreements to provide for the recovery of the Park Service's costs for maintaining concessioner-operated facilities (Recommendation 2 in our 1991 report) and (2) had discontinued using the standardized maintenance management system developed to provide the park units with a mechanism for effectively planning and managing maintenance activities and for supporting budget requests for those activities (Recommendations 1 and 3 in our 1992 report⁵).

Reimbursement of Maintenance Costs

Our 1991 report (No. 91-I-1321) identified park units that had, in effect, subsidized some concessioners by performing maintenance work which should have been paid for or performed by the concessioners. This occurred mainly because the maintenance responsibilities were not clearly delineated in the concession contracts or the related maintenance agreements. We also found instances in which (1) maintenance agreements did not require the concessioner to perform maintenance work that was specifically required in the concession contract or (2) concession contracts and related maintenance agreements specifically assigned the park unit responsibility for maintenance that benefited the concessioner. Our prior report also stated that park units generally were not recording reimbursable-type maintenance costs in the Park Service's accounting system to ensure the recovery of those costs.

At the time of the prior audit, the responsible concession management specialists told us that the responsibilities for such maintenance would be transferred to the concessioners when the contracts and related maintenance agreements expired and were renegotiated. They further stated that the park units would require reimbursement for performing maintenance required to be accomplished by the concessioner. In that regard, Recommendation 2 of the report required park units to (1) identify all maintenance activities that directly benefit concessioners and other non-Governmental recipients, (2) specifically define the maintenance responsibilities of both the concessioners and the park units in future concession contracts or maintenance agreements, (3) use the Park Service's accounting system or park

⁵The Park Service's response to the 1992 report identified a single corrective action to resolve both recommendations.

unit maintenance management systems to track concessioner maintenance costs, and (4) bill the concessioners or other non-Governmental recipients for their share of the maintenance costs that benefit their operations.

We determined that of the four park units visited during our followup review, only Sequoia/Kings Canyon National Park had taken adequate action to fully implement Recommendation 2. Specifically, a major concession contract and a maintenance agreement were finalized, which shifted the responsibility for certain maintenance work to the concessioner. We also found that when the Park performed maintenance work, such as snow plowing, which directly benefited the concessioner's operations, the applicable costs were properly identified, tracked, and billed to the new concessioner. Under the terms of the previous concession contract, which had been in effect for 25 years, the Park Service was required to perform maintenance work for the concessioner without any reimbursement.

Based on our limited review of maintenance agreements judgmentally selected and obtained from the 12 park units we contacted, we found that the agreements for 4 of these units (Bryce Canyon, Mesa Verde, Rocky Mountain, and Zion National Parks) more clearly defined concessioner maintenance responsibilities. (We did not determine whether these 4 park units had fully implemented Recommendation 2 because we did not test the maintenance expenditures at the 12 park units contacted to substantiate that the terms of the maintenance agreements were met.) However, the other three park units we visited (Lake Mead and Golden Gate National Recreation Areas and Everglades National Park) and the other eight park units we contacted (Big Bend, Death Valley, Grand Canyon, Grand Teton, Olympic, Petrified Forest, and Yellowstone National Parks and Lake Meredith National Recreation Area) had not taken sufficient actions to fully implement the recommendation. Specifically, these park units had not clearly defined the concessioners' maintenance responsibilities when concession contracts expired or were extended by amendment or formal extension. Supervisory maintenance personnel at 4 of the 16 park units included in our review (Everglades, Grand Canyon, and Yellowstone National Parks and Lake Mead National Recreation Area) estimated that the Park Service spent about \$597,000 annually at their park units for maintenance work that directly benefited the concessioners' operations (see Appendix 1). Examples of work performed at these locations that we believe should have been performed or paid for by the concessioners are as follows:

- Everglades National Park personnel routinely performed maintenance for the concessioner under a maintenance agreement that was inconsistent with terms included in the 1979 concession contract. Under the contract, the concessioner was responsible for all maintenance of Government- and concessioner-owned buildings and grounds used in its operations. However, despite the contract terms, the Park assumed responsibility for much of this work when it negotiated a maintenance agreement with the concessioner in 1981. The Park's chief of maintenance stated that these maintenance activities, which included mowing grass and trimming trees on concession grounds, cost an estimated \$167,000 annually. Park Service personnel could not explain why the Park assumed these maintenance responsibilities in the 1981 agreement.

- Lake Mead National Recreation Area personnel, in compliance with the terms of the maintenance agreements, performed work related to concessioner facilities and operations, such as cleaning and maintaining concessioner parking lots, air landing strips, and fish-cleaning and comfort stations. The chief of maintenance estimated that about \$173,000 was spent annually by the Park Service to perform this work.

- Under three maintenance agreements, Grand Canyon National Park personnel were responsible for providing maintenance services that benefited concessioner facilities and operations. These services included removing snow and repairing roads, trails, parking areas, paths, and curbs. The chief of maintenance estimated that the Park spent almost \$219,000 annually to perform this work.

In addition, Lake Mead National Recreation Area maintenance personnel performed road maintenance for cabin lessees within the park unit. While not a concession issue, these expenditures, estimated at \$13,000 annually, provided a special benefit to the cabin lessees. As required by Office of Management and Budget Circular A-25, "User Charges," which established guidelines for Government agencies to assess fees for Government services, the cabin lessees should have been responsible for these costs.

Overall, we concluded that park unit management generally had not taken advantage of opportunities to negotiate maintenance agreements to assign concessioners responsibility for maintaining the facilities used in their operations. These managers told us that, in most instances, they did not seek to recover the costs of maintenance work because the terms of the concession contracts or related maintenance agreements specifically required that the work be performed by the Park Service and did not provide for reimbursement from the concessioners. However, we found that many of the maintenance agreements reviewed were associated with long-term contracts which had expired, some as many as 10 years ago. Overall, 21 of the 36 concession contracts and related maintenance agreements that we reviewed had expired. The Concessions Program Manager at the Park Service's San Francisco Office said that when a concession contract expires, the Park Service can formally amend the contract for a multiple-year period, usually for 3 years, or it can issue a formal extension which will extend the terms of the original contract for an additional year. The Concessions Program Manager at Park Service Headquarters said that the park unit concessions managers have an opportunity to modify their maintenance agreements and transfer maintenance responsibilities to the concessioner when contracts are formally amended or formally extended. They further stated that concessions managers can modify the agreements when concession operations are sold because the Park Service is required by NPS-48 to formally ratify any sale before the new concessioner can begin operations. In that regard, we noted that the Park Service had an opportunity to modify the maintenance agreements for 30 of the 36 contracts we reviewed: 21 expired contracts and 9 of the 15 unexpired concession contracts that had been purchased by new entities.

We found, however, that most of the park units in our review did not modify the terms of the maintenance agreements when they had the opportunity to do so. The responsible concessions managers told us that they generally wanted to wait until new contracts were formally negotiated before they revised the maintenance agreements. Based on our review

of the 36 maintenance agreements, we found only two instances where park units had modified the terms of the maintenance agreements: Rocky Mountain National Park, when a contract had expired, and Bryce Canyon National Park, when a concession operation was purchased by another entity. In the latter instance, the chief of maintenance stated that the Park modified the maintenance agreement in 1994, 10 years after the start of the contract. By modifying the agreement, certain maintenance responsibilities previously performed by Park Service personnel were transferred to the new concessioner. The chief of maintenance estimated that the Park would "save" from \$25,000 to \$100,000 annually over the remaining 10 years of the contract as a result of the modification and stated that these savings were used to address the Park's deferred maintenance backlog.

Based on our tour of facilities at the four park units visited and on our discussions with the chiefs of maintenance, we determined that maintenance of Park Service facilities had been deferred, in part, because funds were used to maintain facilities used in the concessioners' operations. For example, the chief of maintenance at Everglades National Park said that he did not have \$40,000 available to replace a deteriorated visitor facility, which provided access to a popular wilderness wetlands area, but that the Park spent an estimated \$167,000 annually to perform maintenance work associated with the concessioner's operations. Based on our review of available documentation and on discussions with the Park's current and former concessions management officials, we determined that little effort had been made to negotiate the transfer of these maintenance responsibilities to the concessioner. In that regard, the Park did not take advantage of an opportunity to revise the maintenance agreement in 1985, when the concession operation was sold to another party, or in 1994, when the 25-year contract period expired.

We believe that the Park Service could reduce maintenance costs for concession facilities by modifying the terms of applicable maintenance agreements at the earliest opportunity. During our discussions with the Concessions Program Manager at the Park Service's Headquarters, we were told that as many as 70 of the Park Service's 212 concession contracts will expire by January 1998. Considering the large number of expiring contracts, we believe that the Park Service should take prompt action to review all maintenance agreements and aggressively pursue modification of the agreements to assign concessioners full responsibility for the maintenance of concession facilities. Based on the conditions noted, we concluded that the Park Service had not taken sufficient action to implement the recommendation.

Maintenance Management System

Our 1992 report (No. 92-I-455) discussed the large backlog of repair and rehabilitation maintenance projects and stated that "funding shortages and other external and internal factors such as the addition of new park areas, increased park visitation, and compliance with environmental laws . . . have contributed to certain maintenance program deficiencies." In its response to Recommendations 1 and 3 in our 1992 report, the Park Service stated that it would "make every effort to ensure, through effective management and planning, that all maintenance needs . . . [were] fully documented and that budget requests reflect those needs."

At the time of our prior review, the Park Service was taking actions to improve its ability to budget for, plan, and manage its maintenance activities, including the development and implementation of a comprehensive, standardized maintenance management system. The system was mandated by the Congress in 1985 as part of Public Law 98-540 (an act to amend the Volunteers in the Parks Act of 1969), which directed the Park Service to develop and implement such a system. Section 4(a) of Public Law 98-540 specifically required the maintenance system to include the following seven elements:

- (1) a work load inventory of assets including detailed information that quantifies for all assets (including but not limited to buildings, roads, utility systems, and grounds that must be maintained) the characteristics affecting the type of maintenance performed;
- (2) a set of maintenance tasks that describe the maintenance work in each unit of the National Park System;
- (3) a description of work standards including frequency of maintenance, measurable quality standards to which assets should be maintained, methods for accomplishing work, required labor, equipment and material resources, and expected worker production for each maintenance task;
- (4) a work program and performance budget which develops an annual work plan identifying maintenance needs and financial resources to be devoted to each maintenance task;
- (5) a work schedule which identifies and prioritizes tasks to be done in a specific time period and specifies required labor resources;
- (6) work orders specifying job authorizations and a record of work accomplished which can be used to record actual labor and material costs; and
- (7) reports and special analyses which compare planned versus actual accomplishments and costs and can be used to evaluate maintenance operations.

The Congressional mandate came about 5 months after the 1984 General Accounting Office report "National Park Service Needs a Maintenance Management System" (No. GAO/RCED-84-107), which concluded that the Park Service did not have the ability to document and monitor its maintenance activities. Thus, according to the report, the Park Service could not "assure that its assets [received] needed upkeep and that park maintenance activities [were] efficient."

Through 1992, the Secretary of the Interior's Annual Statement and Report to the President and the Congress had identified the lack of a "formal, systematized methodology for managing maintenance operations" as a Servicewide material weakness. In 1993, the Park Service informed the Department that implementation of its standardized maintenance management system (which cost an estimated \$11 million for development and

implementation) had eliminated this weakness. In its fiscal year 1997 budget justifications, the Park Service stated that its maintenance management system/program provides "a formalized, systematic process for managing maintenance operations" in the most economic and efficient manner and "standard procedures for the performance of work and for reporting on the completion of projects."

However, we found that the system was no longer used on a Servicewide basis to document maintenance needs and to assist the park units in managing, planning, and developing budget data for their maintenance programs. The park units reviewed had essentially discontinued the use of the standardized system. Specifically, we found that only 7 of the 16 park units we reviewed were using the system: 5 that used the standardized system and 2 that used the standardized system in conjunction with another commercial computer software program. Of the nine remaining park units, eight used the commercial software program exclusively, and the remaining park unit (Everglades National Park) had no computer-based maintenance management system in use.

Park unit managers and maintenance personnel said that they discontinued use of the Servicewide system for various reasons, including the lack of technical support, system failures, inaccurate system-generated reports, and prohibitive costs. For example:

- A maintenance supervisor at Everglades National Park said that the Park had discontinued using the system in 1995 because of a system failure which was reportedly caused by an attempt to upgrade the system.

- Maintenance personnel at Sequoia/Kings Canyon National Park said that they changed to a commercial computer software program in 1996, with the Region's concurrence, after the standardized system provided "erroneous results" for fiscal year 1995.

- Maintenance personnel at Lake Mead National Recreation Area stated that they also received Regional permission in 1996 to use the same commercial software program that Sequoia was using.

The Regional facilities manager said that the Region had approved requests from Sequoia/Kings Canyon National Park and Lake Mead National Recreation Area to discontinue using the standardized maintenance management system primarily because of the numerous complaints it had received from the park units and because the standardized system did not have a preventive maintenance module.

We also found that Park Service personnel at 11 of the 16 park units reviewed had not fully implemented two of the seven elements mandated by Public Law 98-540. Specifically, the requirements of Section 4(a) of Public Law 98-540 pertaining to "measurable quality standards" described in element 3 and the "work program and performance budget" described in element 4 were not in place. These two requirements enable park unit managers to determine their actual maintenance needs and to effectively prioritize the maintenance work. In our opinion, implementation of a system having all seven of the elements will help to

provide managers with the information they need to plan, organize, direct, and review their maintenance activities.

Based on the conditions noted, we concluded that the Park Service had not taken sufficient actions to implement the two related recommendations (Nos. 1 and 3) in our 1992 report. Specifically, the Park Service had not successfully implemented and maintained a Servicewide maintenance management system that provides complete data and/or information for prioritizing maintenance projects, monitoring and measuring maintenance activities, or fully supporting budgetary requests for maintenance backlog funding.

Recommendations

We recommend that the Director, National Park Service:

1. Direct park unit management to actively pursue all opportunities to modify concession maintenance agreements to ensure that maintenance responsibilities of each party are clearly defined and that concessioners are required to perform or pay for all maintenance related to the facilities used in their operations. If a concessioner has not assumed full maintenance responsibility, its maintenance agreement should be modified when the concession contract is amended, when a formal extension is issued, or when the Park Service is ratifying the sale of the concession operation to another entity.

2. Direct Lake Mead National Recreation Area management to discontinue performing maintenance work which provides special benefits to cabin lessees unless the cost of the work is reimbursed by the benefiting lessees.

3. Ensure that the Park Service fully complies with the requirement of Public Law 98-540 to maintain a standardized maintenance management system which contains all seven of the legislatively mandated elements.

4. Report the lack of a standardized maintenance management system as a material management control weakness in accordance with the requirements of the Federal Managers' Financial Integrity Act.

National Park Service Response and Office of Inspector General Comments

We requested that the Director, National Park Service, provide written comments to the draft report by February 9, 1998. Based on a Park Service request, we extended the date for comment to March 2, 1998. However, because a response to the draft report was not received, we consider all of the recommendations unresolved. Therefore, in accordance with the Departmental Manual (360 DM 5.3), we are requesting a written response to this report by April 27, 1998. The response should provide the information requested in Appendix 7.

The legislation, as amended, creating the Office of Inspector General requires semiannual reporting to the Congress on all audit reports issued, the monetary impact of audit findings

(Appendix 1), actions taken to implement audit recommendations, and identification of each significant recommendation on which corrective action has not been taken.

We appreciate the assistance of National Park Service personnel in the conduct of our audit.

CLASSIFICATION OF MONETARY AMOUNTS

<u>Finding</u>	<u>Funds To Be Put To Better Use¹</u>
Reimbursement of Maintenance Costs	
Everglades National Park	\$167,000
Grand Canyon National Park	219,000
Lake Mead National Recreation Area	186,000
Yellowstone National Park	<u>25,000</u>
Total	<u>\$597,000</u>

¹These amounts, which were provided by the park units' chiefs of maintenance, represent the estimated annual costs (unreimbursed) for performing work associated with the maintenance of concessioner facilities and operations.

STATUS OF RECOMMENDATIONS AND CORRECTIVE ACTIONS FOR AUDIT REPORT "MAINTENANCE WORK PERFORMED FOR NON-GOVERNMENTAL RECIPIENTS" (No. 91-I-1321)

Recommendations

1. Require the headquarters to establish written guidelines and policies on maintenance cost recovery from identifiable beneficiaries. These guidelines and policies should be similar to the ones contained in the Service's Special Directive 83-2, "Rates for NPS-Produced Utilities."
2. Require the parks to (a) identify all maintenance activities that directly benefit park concessioners and other non-Governmental recipients, (b) specifically define the maintenance responsibilities of both the concessioners and the parks in future concessions contracts or concessioner maintenance agreements, (c) use the Service's accounting system or park maintenance management systems to track concessioner maintenance costs, and (d) bill the concessioners or other non-Governmental recipients for their share of the maintenance costs that benefit their operations.
3. Pursue legislation which will allow the individual parks to retain and utilize for park maintenance-related activities all maintenance costs reimbursed by concessioners and other non-Governmental recipients.
4. Obtain a Solicitor's opinion to determine who is responsible for maintaining the Beartooth Highway and, if applicable, the propriety of Yellowstone National Park's billing of the States of Wyoming and Montana for past maintenance costs.

Status of Recommendations and Corrective Actions

1. Implemented. The Associate Director for Budget and Administration issued written guidance on September 3, 1992, to the field directorate to improve the system for controlling and recording revenues from concessioners, expenditures, and other financial activities. The guidance became effective for fiscal year 1993 and specified the types of costs incurred in providing services to the concessioners that were required to be reimbursed. A separate accounting code was established to accumulate these costs for reimbursement purposes.
2. Partially implemented. We concluded that parts a and c of this recommendation were implemented through the actions taken for Recommendation 1. However, we considered parts b and d as only partially implemented because park managers had not modified the maintenance agreement terms when the related contracts expired or when the concessioners' operations were purchased by other entities.
3. Implemented. The Park Service proposed commentary for new legislation (S.208) that addressed the recommendation, but the commentary was subsequently deleted by the Office of Management and Budget. However, during our followup review, we found that the Park Service had an ongoing policy of retaining these funds in the parks under the authority of the United States Code (16 U.S.C. 1b).
4. Implemented. The Park Service provided documentation whereby the Regional Solicitor, Rocky Mountain Region, provided the opinion that the Park Service was responsible for maintaining Beartooth Highway.

**STATUS OF RECOMMENDATIONS AND CORRECTIVE ACTIONS
FOR AUDIT REPORT "MAINTENANCE OF THE
NATIONAL PARK SYSTEM" (No. 92-I-455)**

Recommendations

1. Ensure, through effective management and planning, that sufficient funds are available to administer an effective preventative maintenance program at the time that maintenance actions are required. To the extent possible, park operational and regional cyclic and repair and rehabilitation programs should be made available at a level necessary to reduce the increases in the existing backlog.
2. Instruct the regions and parks to discontinue the practice of using limited park operational and regional program maintenance funds for construction of new facilities, major equipment purchases, or any other non-maintenance-related activity.
3. Place increased emphasis on maintenance in the budget planning process and specifically address both the external and internal factors that impact park maintenance needs.

**Status of Recommendations and
Corrective Actions**

1. Partially implemented. Since 1992, the Park Service has sought additional Congressional funding for maintenance operations to address the backlog of repair and rehabilitation needs. In addition, the Park Service implemented a standardized maintenance management system in 1993 that was designed to help ensure the effective management and planning of its maintenance operations. However, during our followup review, we found that the system did not contain all of the features required by the Congress and that the use of the system was subsequently discontinued at some locations.
2. Implemented. The Associate Director, Operations, issued a memorandum to all Regional Directors clarifying the use of funds from the National Park Service Maintenance appropriation for the construction of new facilities. In addition, the regions were instructed to place greater emphasis on budget integrity and to obtain prior approval before they spent any funds for purposes other than those allotted. Also, the replacement of major equipment is now funded through the Park Service's construction appropriation instead of Operation of the National Park Service appropriation. Our tests of maintenance expenditures at the park units we visited indicated that park unit personnel had complied with these instructions.
3. Partially implemented. The Park Service reorganized into seven regions, which helped to reduce central overhead and levels of review and oversight and also helped to improve the delivery of support services to the parks. However, we also found that some park units had discontinued using the standardized maintenance management system which was developed, in part, to improve the effectiveness of the budget planning process (see Recommendation 1).

Recommendations

4. Either (a) budget and account for fee program revenues as supplemental funds separately from the operations appropriations in accordance with Public Law 100-203 or (b) request a waiver from the Appropriations Committees concerning the requirement to spend fee program revenues on specific projects which meet the prescribed uses identified in the legislation.

**Status of Recommendations and
Corrective Actions**

4. Implemented. The Park Service developed revised primary work elements for its operating accounts. The revised elements more clearly allow for delineation of the expenditure of funds derived from the special fees.

REGIONAL OFFICE AND PARK UNITS VISITED AND/OR CONTACTED

Regional Offices and Park Units	Location
Intermountain Region*	Colorado
Big Bend National Park*	Texas
Bryce Canyon National Park*	Utah
Grand Canyon National Park*	Arizona
Grand Teton National Park*	Wyoming
Lake Meredith National Recreation Area*	Texas
Mesa Verde National Park*	Colorado
Petrified Forest National Park*	Arizona
Rocky Mountain National Park*	Colorado
Yellowstone National Park*	Wyoming
Zion National Park*	Utah
Pacific West Region**	California
Death Valley National Park*	California
Golden Gate National Recreational Area**	California
Lake Mead National Recreational Area**	Nevada
Olympic National Park*	Washington
Sequoia/Kings Canyon National Park**	California
Southeast Region*	Georgia
Everglades National Park**	Florida

*Sites contacted.

**Sites visited.

SELECTED INFORMATION RELATED TO CONCESSION CONTRACTS AT PARK UNITS VISITED OR CONTACTED

Park Unit	Concession Contract No.	Existing Contract Term	Maintenance Agreement Date	Original Concessioner
Park Units Visited				
Everglades National Park	EVER 001	6/79 - 5/94	September 1981	No
	EVER 002	1/82 - 12/91	February 1982	Yes
Golden Gate National Recreation Area	GOGA 001	1/84 - 12/98	May 1985	No
	GOGA 008	1/88 - 12/92	August 1987	Yes
	GOGA 010	1/88 - 12/91	March 1988	Yes
	MUWO 001	1/85 - 12/94	February 1996	No
Lake Mead National Recreation Area	LAME 001	1/73 - 12/91	March 1983	No
	LAME 002	1/80 - 12/89	February 1992	Yes
	LAME 003	1/73 - 12/97	March 1983	No
	LAME 004	7/88 - 9/03	<i>No agreement</i>	Yes
	LAME 005	1/67 - 12/86	April 1994	Yes
	LAME 006	11/72 - 10/87	April 1984	Yes
	LAME 007	1/84 - 12/01	March 1983	No
	LAME 008	1/87 - 12/96	December 1986	Yes
	LAME 009	1/88 - 12/02	November 1987	Yes
	LAME 010	7/71 - 12/89	March 1992	No
	LAME 014	1/62 - 12/88	<i>No agreement</i>	No
	SEKI 006	11/96 - 10/11	August 1996	Yes
Park Units Contacted				
Big Bend National Park	BIBE002	9/21/82 - 9/20/02	February 1990	Yes
Bryce Canyon National Park	BRCA003	1/1/84 - 12/31/03	April 1994	No
Death Valley National Park	DEVA001	1/1/83 - 12/31/92	Not signed	No
	DEVA002	1/1/81 - 12/31/85	April 1983	Yes
Grand Canyon National Park	GRCA001	1/1/69 - 12/31/98	June 1975	No
	GRCA002	1/1/84 - 12/31/03	November 1984	No
	GRCA003	1/1/68 - 12/31/87	May 1983	Yes
Grand Teton National Park	GRTE001	1/1/73 - 12/31/02	November 1984	No
	GRTE002	1/1/90 - 12/31/94	August 1991	No
	GRTE003	12/5/66 - 12/31/89	August 1991	No
Lake Meredith National Recreation Area	LAMR002	1/1/87 - 12/31/96	<i>No agreement</i>	No
Mesa Verde National Park	MEVE001	10/1/81 - 9/30/01	January 1992	Yes
Olympic National Park	OLYM001	12/28/78 - 12/31/93	November 1989	No
Petrified Forest National Park	PEFO001	1/1/85 - 12/31/94	January 1985	Yes
Rocky Mountain National Park	ROMO001	10/1/71 - 5/31/91	March 1996	Yes
Yellowstone National Park	YELL002	10/1/69 - 9/30/99	<i>No agreement</i>	Yes
	YELL077	11/1/91 - 10/31/01	May 1995	No
Zion National Park	ZION003	1/1/84 - 12/31/03	February 1997	No

NATIONAL PARK SERVICE BACKLOG DATA

Project Type	Existing Facilities	New or Additional Facilities ¹	Total
Buildings; Visitor Use, Park Support	\$893,737,600	\$673,476,200	\$1,567,213,800
Housing; Permanent and Seasonal Employees	360,708,400	81,218,400	441,926,800
Landscape Work, Erosion Protection, Site Restoration	889,378,200	193,617,200	1,082,995,400
Utilities; Electric, Gas, Water/Sewage Treatment	<u>300,144,410</u>	<u>4,046,000</u>	<u>304,190,410</u>
Subtotal	\$2,443,968,610	\$952,357,800	\$3,396,326,410
Roads, Bridges, Tunnels, Transportation Systems ²	<u>1,912,374,400</u>	<u>279,075,600</u>	<u>2,191,450,000</u>
Total	<u>\$4,356,343,010</u>	<u>\$1,231,433,400</u>	<u>\$5,587,776,410³</u>

¹These estimates represent the amount needed to construct new facilities in new/developing park units and additional facilities in older/established park units.

²The reconstruction/ replacement of existing roads and the construction of new roads are funded by the Federal Lands Highway Program, which is authorized by the Intermodal Surface Transportation Efficiency Act.

³These backlog data provided to us by the Park Service consist of estimates of \$4.36 billion for repair/rehabilitation and reconstruction/replacement projects involving existing facilities and estimates of \$1.23 billion for new construction projects. The estimates represent only individual projects that generally exceed \$500,000 (not including roads), which are typically funded by the line item activity of the Park Service's Construction appropriation. The Park Service estimated that it would need another \$435 million to \$575 million to fund maintenance projects costing less than \$500,000, each of which is funded by the Park Service's Operation of the National Park System appropriation. All data are unaudited.

STATUS OF AUDIT REPORT RECOMMENDATIONS

Findings/Recommendations Reference	Status	Action Required
1-4	Unresolved.	Provide a response to each recommendation. If concurrence is indicated, provide a plan identifying actions to be taken, including target dates and titles of officials responsible for implementation. If nonconcurrence is indicated, provide specific reasons for the nonconcurrence.

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